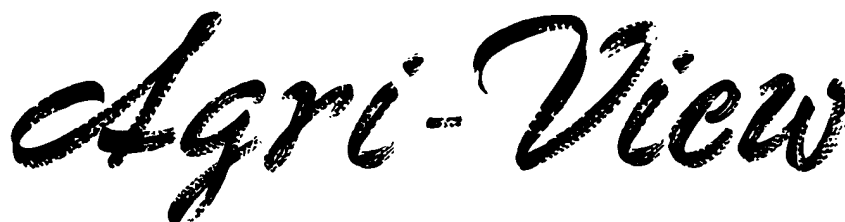


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MINNESOTA SPRING WHEAT YIELD DOWN FROM RECORD HIGH

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Minnesota's **SPRING WHEAT** yield at 41.0 bushels per acre is down 14 bushels from last year's yield of 55 bushels per acre. Spring wheat production at 70.9 million bushels is down 20 percent from 2004. Spring wheat acres harvested for grain is 1.73 million acres, up 120,000 acres from last year. Acres planted is 1.8 million acres.

WINTER WHEAT production at 540,000 bushels is down 46 percent from last year. Acres harvested for grain in 2005 is 15,000 compared to 25,000 acres in 2004. Yield at 36.0 bushels per acre is down 4 bushels from 2004.

OAT production is estimated at 12.7 million bushels, down 4 percent from last year. Acres harvested for grain in 2005 is 205,000, up 15,000 acres from 2004. The yield at 62.0 bushels per acre is down 8 bushels from last year.

BARLEY production of 3.9 million bushels is down 51 percent from last year. Barley harvested is 90,000 acres, down 25,000 acres from last year. Acres planted in 2005 is 125,000. Yield at 43.0 bushels per acre is down 25 bushels from 2004.

**MINNESOTA CORN AND SOYBEAN STOCKS
UP FROM LAST YEAR**

OLD CROP CORN stocks held in all positions on September 1, 2005 totaled 268.3 million bushels, 123 percent above a year earlier. On-farm stocks accounted for 52 percent of the total or 140.0 million bushels.

OLD CROP SOYBEAN stocks in all positions totaled 29.3 million bushels, up 129 percent from September 1, 2004. On-farm stocks accounted for 53 percent of the total or 15.5 million bushels.

ALL WHEAT stocks held in all positions totaled 78.2 million bushels, 29 percent below a year ago. On-farm stocks accounted for 68 percent of the total, or 53.0 million bushels.

BARLEY stocks were down 19 percent from a year ago. Total holdings in all positions were 23.5 million bushels, with 14 percent held on farms.

OAT stocks totaled 18.2 million bushels, 17 percent below a year ago. On-farm stocks accounted for 44 percent of the total.

MINNESOTA & U.S. SEPTEMBER 1 HARVESTED ACRES, YIELD, AND PRODUCTION

COMMODITY	2004 HARVESTED ACRES (000)	2005 HARVESTED ACRES (000)	2004 YIELD	2005 YIELD	2004 PRODUCTION (000)	2005 PRODUCTION (000)
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MINNESOTA

SPRING WHEAT (Bu)	1,610	1,730	55.0	41.0	88,550	70,930
WINTER WHEAT (Bu)	25	15	40.0	36.0	1,000	540
BARLEY (Bu)	115	90	68.0	43.0	7,820	3,870
OATS (Bu)	190	205	70.0	62.0	13,300	12,710

UNITED STATES

SPRING WHEAT (Bu)	13,174	13,609	43.2	37.1	568,918	504,456
WINTER WHEAT (Bu)	34,462	33,680	43.5	44.4	1,499,434	1,493,769
BARLEY (Bu)	4,021	3,276	69.6	64.8	279,743	212,196
OATS (Bu)	1,787	1,823	64.7	63.1	115,695	115,002

MINNESOTA & U.S. SEPTEMBER 1 GRAIN STOCKS

COMMODITY	ON FARM		OFF FARM		TOTAL ALL POSITIONS		% CHANGE PREVIOUS YEAR
	2004	2005	2004	2005	2004	2005	

-1,000 BUSHELLS-
MINNESOTA

CORN	75,000	140,000	45,532	128,292	120,532	268,292	+123
SOYBEANS	5,800	15,500	6,977	13,772	12,777	29,272	+129
ALL WHEAT	86,000	53,000	24,271	25,194	110,271	78,194	-29
BARLEY	7,600	3,300	21,402	20,226	29,002	23,526	-19
OATS	10,000	8,100	11,888	10,115	21,888	18,215	-17

UNITED STATES

CORN	438,000	820,500	520,091	1,291,734	958,091	2,112,234	+120
SOYBEANS	29,400	99,700	83,014	155,807	112,414	255,507	+127
ALL WHEAT	790,600	719,360	1,147,807	1,199,274	1,938,407	1,918,634	-1
BARLEY	175,300	137,400	114,777	113,911	290,077	251,311	-13
OATS	74,300	71,200	41,458	41,843	115,758	113,043	-2

MINNESOTA HOG NUMBERS UP 3 PERCENT FROM JUNE

Minnesota hog producers had an inventory of 6.8 million hogs and pigs on September 1, 2005, up 3 percent from the year earlier and up 3 percent from the June 1, 2005 figure. This is a new record All Hogs & Pigs inventory for any quarter. Breeding hogs totaled 600,000, up 2 percent from a year earlier and market hogs and pigs at 6.2 million, were up 3 percent from a year ago.

Market hogs in the under 60 pound weight group were up 1 percent from last year. The 60-119 pound weight group were up 4 percent. Hog numbers in the 120-179 pound group were up 6 percent from last year, while the 180+ pound group was up 2 percent from a year ago.

Minnesota's June-August 2005 pig crop totaled 2.6 million head, up 1 percent from a year earlier but down slightly from the March-May 2005 pig crop. The 280,000 sows that farrowed averaged 9.30 pigs per litter, up from 9.05 a year ago. This is a new record litter rate and pig crop for the June-August quarter.

Hog producers in Minnesota intend to farrow 280,000 sows during the September-November 2005 quarter. If realized this would be down 2 percent from the same period in 2004. Producers intend to farrow 280,000 sows during the December 2005-February 2006 quarter. If realized, this would be up 2 percent from the same period the previous year.

FARROWING INTENTIONS

State	SOWS TO FARROW			
	Sept - Nov. 2005	% Prev. Yr.	Dec. 2005- Feb. 2006	% Prev.
	<u>1,000</u>	<u>Pct.</u>	<u>1,000</u>	<u>Pct.</u>
AR	44	105	43	100
CO	81	111	80	107
IL	205	98	205	98
IN	135	100	140	108
IA	460	100	460	105
KS	84	101	85	106
MI	49	107	47	107
MN	280	98	280	102
MO	170	100	165	97
NE	175	103	175	100
NC	540	98	540	100
OH	80	104	78	101
OK	190	100	190	100
PA	46	94	47	100
SD	72	101	69	96
TX	46	100	44	102
WI	24	96	24	100
Other Sts 1/	207	100	203	102
US	2,888	100	2,875	101

1/ Individual State estimates not available for the 33 other States.

SEPTEMBER 1, 2005 HOG INVENTORIES and JUNE-AUGUST 2005 FARROWINGS

State	TOTAL		BREEDING		MARKET HOGS & PIGS 1/						SOWS FARROWED June-August 2005			
	Number	2005 As % of 2004	Number	2005 As % of 2004	Under 60 Pounds	60-119 Pounds	120-179 Pounds	180+ Pounds	TOTAL		Number	2005 As % of 2004	Pigs Per Litter	Pig Crop 2/
	<u>1,000</u>	<u>Pct.</u>	<u>1,000</u>	<u>Pct.</u>	<u>-----1,000-----</u>				<u>1,000</u>	<u>Pct.</u>	<u>1,000</u>	<u>Pct.</u>	<u>Num.</u>	<u>1,000</u>
AR	285	89	85	106	145	20	15	20	200	83	43	100	9.60	413
CO	840	117	145	104	390	100	85	120	695	120	80	114	8.80	704
IL	4,050	101	420	102	1,380	890	800	560	3,630	101	205	98	8.90	1,825
IN	3,050	94	300	100	1,000	720	550	480	2,750	93	140	100	8.90	1,246
IA	16,500	101	1,080	102	4,760	4,320	3,450	2,890	15,420	101	450	102	9.00	4,050
KS	1,710	96	155	97	535	345	265	410	1,555	95	83	95	8.80	730
MI	910	97	100	100	310	190	160	150	810	96	46	96	9.25	426
MN	6,800	103	600	102	2,450	1,500	1,320	930	6,200	103	280	98	9.30	2,604
MO	2,850	98	340	103	1,180	520	470	340	2,510	98	170	100	9.05	1,539
NE	2,750	96	350	97	980	620	450	350	2,400	96	175	100	9.05	1,584
NC	10,100	98	1,020	99	3,650	2,130	1,780	1,520	9,080	98	560	100	9.10	5,096
OH	1,540	102	160	100	570	330	285	195	1,380	102	77	103	9.10	701
OK	2,400	98	360	100	920	290	270	560	2,040	97	200	103	8.90	1,780
PA	1,080	102	95	90	300	270	220	195	985	103	47	102	9.40	442
SD	1,370	112	140	100	430	315	255	230	1,230	114	68	100	9.40	639
TX	980	95	100	91	280	210	195	195	880	96	44	79	9.10	400
WI	420	95	50	100	145	90	70	65	370	95	25	104	8.70	218
Oth Sts 3/	3,901	105	472	99	1,209	856	744	620	3,428	105	205	96	9.14	1,876
US	61,536	100	5,972	100	20,634	13,716	11,384	9,830	55,563	100	2,898	100	9.07	26,273

1/ Weight groups may not add to Market due to rounding. 2/ Number of pigs born June-August that were on hand September 1, or had been sold.

3/ Other State estimates include 33 remaining States.

AUGUST EGG OUTPUT UP 4% IN STATE

Minnesota layers produced 250 million eggs during August 2005 versus 241 million in August 2004, an increase of 4 percent. Laying flocks in the U.S. produced 7.56 billion eggs in August, a slight increase from a year ago.

POULTRY STATS - AUGUST

		2004	2005
Total Eggs Produced	MN	241 Mil.	250 Mil.
	U.S.	7,538 Mil.	7,562 Mil.
Number of Layers	MN	10.7 Mil.	11.0 Mil.
	U.S.	343.0 Mil.	340.8 Mil.
Eggs per 100 Layers	MN	2,262	2,267
	U.S.	2,198	2,219
CHICKENS:			
Hatched (August)			
Egg-Type	MN	0.8 Mil.	1.1 Mil.
	U.S.	36.9 Mil.	39.0 Mil.
Broiler-Type	U.S.	810.3 Mil.	811.7 Mil.
Eggs in Incubators (September 1)			
Egg-Type	WNC*	6.9 Mil.	7.2 Mil.
	U.S.	32.7 Mil.	32.5 Mil.
Broiler-Type	WNC*	23.9 Mil.	24.2 Mil.
	U.S.	654.6 Mil.	652.5 Mil.
TURKEYS:			
Placed (August)	WNC*	9.3 Mil.	9.4 Mil.
	U.S.	23.7 Mil.	23.6 Mil.
Eggs in Incubators (September 1)			
	WNC*	11.1 Mil.	11.2 Mil.
	U.S.	28.3 Mil.	28.0 Mil.

*West North Central Region (Iowa, Kansas, Missouri, Nebraska, North Dakota, South Dakota, Minnesota.)

REACTION TO SEPT. 30, 2005 GRAIN STOCKS REPORT

Corn stocks were reported at 2.11 billion bushels, up 120 percent from the level reported one year ago. Of this total, 821 million bushels were stored on farms, up 87 percent from one year ago, while 1.29 billion bushels stored off-farm, up 148 percent from one year ago. The level stocks has already affected corn basis with average basis levels of \$.60 to .70 per bushel being reported in many locations in Minnesota. Disappearance of corn over the June to August period was 2.21 billion bushels, or about 736 million bushels per month over the period. The new level of ending stocks for 2005/06 can be estimated at 2.065 billion bushels using this information. Inserting this new level of stocks into the forecasting model yield an average national corn price of \$1.90 per bushel. An alternate forecast using futures levels and a three year average basis gives a price estimate of \$1.94 per bushel. Basis levels in Minnesota are likely to be \$.15 to .20 wider than the national estimate. Using this adjustment for Minnesota, producers can expect an average price of \$1.72 per bushel. An expected price range will be \$1.30 to \$2.15 for the 2005/06 crop year assuming normal variation in prices. Pricing at levels above \$1.87/bushel will yield averages in the top 1/3 of the expected price range.

Soybean stocks as of September 30, 2005 were 256 million bushels, up 127 percent from one year ago. Stocks on farms totaled 99.7 million bushels, up 239 percent from one year ago, while off-farm stocks were 156 million bushels, up 88 percent from one year ago. Total disappearance for June-August was 444 million bushels, up 49 percent from one year ago and an average of 148 million bushels per month over the period. In the same report, 2004 crop data was revised to a new production level of 3.12 billion bushels, a decrease of 17.3 million bushels from the previous estimate. A downward revision in yield to 42.2 million bushels was also reported. The level of stocks and adjustments will give an estimate for 2005/06 ending stocks at about 180 million bushels. This level of stocks using a forecasting model for stocks/use shows a price of \$7, significantly about the forecast using future of \$5.48 per bushel. I tend to think an average of these two estimates is appropriate with a level of \$6.40 being most likely. The price range will be wider due to expected volatility. I expect soybean prices to be in the range of \$5.25 to \$7.25 over the period. Pricing above \$6.50 will give prices in the top 1/3 of the expected price range. This is due to the lower level of stocks for 2005/06. If the Southern Hemisphere soybean crop falters, prices could be even higher.

Wheat stocks were reported at 1.919 billion bushels, down one percent from one year ago. I expect wheat prices to be higher given the winter wheat crop size. Prices from \$3.50 to \$4.00 are expected. All estimates were lower than trade estimate, so prices will adjust on futures today-corn from 2-4 cents per bushel, soybeans, 5 to 10 cents, and wheat up about 3 cents per bushel.

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